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On Investing in California's Future: Leveraging all resources to build for the future

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It's time for California to start looking at alternate ways to fund infrastructure projects. Over the next 20 years the Bay Area will add more than 1.6 million new residents and California will add 8.4 million more. That's like adding the entire populations of Washington and Oregon, although most of this population growth will be internally created, not "imported." Without preparation, you know what's coming: huge traffic increases, overcrowded schools, insufficient water supplies, and more.

Growth is nothing new - indeed the Bay Area and California have grown exponentially over the past 100 years. Those that came before us planned and built the necessary infrastructure to accommodate the growth. Now it's our turn to responsibly build for the future. But it's harder today than it was in the past.

Californians should be proud that they took a dramatic first step last November by passing Propositions 1A - 1E, providing $37 billion of bond funds to meet our future transportation, water, school, housing and environmental needs. Sadly though, California's infrastructure investment need is so great that these bonds don't even fully meet today's needs, much less future demands. The fact is, we can't expect public tax funds to do the job; the public feels overtaxed and California's state treasurer is warning that our fiscal imbalance could continue for the next 20 years. The word out of the federal government is much the same: too many needs, not enough money.

What has become all too apparent is that federal, state and regional governments no longer have the financial capacity to fund all of our critical infrastructure needs. There is one solution that has worked elsewhere: partner with the private sector to help plan, finance, deliver and operate much of this new infrastructure for the benefit of all.

Other countries and regions have already figured the solution out and are building the foundation for their futures - partnership between the public and private sectors often called "Public Private Partnerships" or "P3." Most of these transportation, bridge, rail, water conveyance, public health and other facilities are paid for out of a combination of taxpayer supported bonds, private equity and debt, and users fees charged to those who benefit from the infrastructure and services. California's best example is the Alameda Corridor Rail Project in Southern California. The project is a series of bridges, underpasses, overpasses and street improvements that separated freight trains, passenger trains and street vehicular traffic. Private cargo container fees repaid the investment.

In the Bay Area, BART is exploring a public-private partnership to build and operate a passenger rail link to Oakland International Airport. Public private partnerships could build otherwise unachievable projects, such as completing the region's carpool lane system, building dedicated truck-only lanes on I-580, and building and operating high-speed rail.

Why haven't we started? Because California's historic plan for infrastructure didn't envision a role for public private partnership projects. As a result, state law is full of obstacles and roadblocks to such enterprises. Therefore, state law needs to be changed to authorize and support public private partnerships. Unfortunately, any attempt to change the law is torpedoed by one group of workers or another who fear their jobs might be threatened if private sector workers are allowed to plan, build or operate projects. The vast needs of the many in California suffer for perceived job preservation for the few. Done right, public private partnerships will enhance the quality of life and improve our economy. Moreover, they will provide more work for both public and private sector workers. We need a fair, open, process on infrastructure projects that clears the way for either private- or public-sector expertise and financing, or a combination of both.

One successful model in British Columbia created a "state enterprise agency" to identify public private partnership opportunities and then impartially evaluate private- or public-sector involvement with an eye toward ensuring the long-term protection of the community.

We must move forward now. Each year we fall farther behind. We already have the two most traffic clogged regions in the nation. Either we allow public-private partnerships and ensure a vibrant future for all, or surrender to gridlock, poor infrastructure and a slow decline.

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